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Highlights 123rd Annual Statement

	<u>1972</u>	<u>1971</u>	<u>% INCREASE</u>
TOTAL ASSETS	\$152,416,091	\$109,876,285	38.7%
MORTGAGES	141,025,428	100,948,738	39.7%
DEBENTURES & ACCRUED INTEREST	113,458,271	81,515,937	39.2%
SAVINGS & DEPOSIT RECEIPTS	30,523,121	21,189,911	44.0%
REVENUE	12,548,485	9,468,015	32.5%
REVENUE PER SHARE	14.81	11.17	
EXPENSE	9,712,548	7,185,518	35.2%
EXPENSE PER SHARE	11.47	8.48	
DIVIDENDS	660,718	432,008	52.9%
DIVIDENDS PER SHARE	.78	.51	
SHAREHOLDERS' EQUITY	7,108,864	6,224,145	14.2%
EARNINGS PER SHARE	1.82	1.38	31.6%
NUMBER OF OUTSTANDING SHARES	847,075	847,075	

Directors' Report

To the Shareholders:

The Directors are pleased to present the 123rd Annual Report of your company for the year ended December 31, 1972. In terms of growth it was the best year in the long history of the company. Assets increased by \$42,539,806 and at the year end amounted to \$152,416,091. It is noteworthy that assets have more than doubled since 1969. To achieve this growth a record number of mortgage applications were processed during the year. The net increase in our mortgage portfolio in 1972 was \$40,076,690, nearly double the increase in the previous year.

Income

In terms of revenue and net profit the results for 1972 were excellent. Revenues increased by 32.5% over 1971 and amounted to \$12,548,485. The net profit after tax was \$1,542,937 or \$1.82 per share, an increase of 31.6% over the previous year.

Dividends

Quarterly dividends were paid in 1972 as follows: — January 1st — 15 cents per share, April 1st — 15 cents per share, July 1st — 20 cents per share, October 1st — 20 cents per share. The quarterly dividend for January 1, 1973 was increased to 23 cents per share.

Rights Offering

In order for the company to continue to grow satisfactorily, and as already indicated to the shareholders, our shareholders of record as of a date to be determined by the Directors will receive subscription warrants in the near future entitling them to purchase additional common shares of the company. These "rights" are valuable as they enable the holder to purchase the shares at a considerable discount. You are urged to act on these warrants when received, either by subscribing for the additional shares or by selling your rights. In either case you are advised to contact in person or by mail, without delay, your investment dealer, bank or trust company in order that your wishes may be implemented.

From the company's point of view, it is desirable that this rights offering be fully subscribed, either by the existing shareholders or through sale of their warrants to others. Under existing regulations, your company's borrowing power is limited to twenty times its paid up capital and reserves. Accordingly, for each one dollar in new capital raised through this rights offering, the company can borrow twenty dollars from its depositors and debenture investors. The borrowed money is then loaned to others in the form of mortgages. This is the way your company grows, and it is desirable that the new shares be as fully subscribed as possible. We are confident our shareholders will support the company in this offering, and make their rights available to others if they are unable to subscribe for shares.

Housing and Mortgages

For several years your company has been in the forefront of mortgage lending on single-family and multiple housing units in various parts of Nova Scotia, New Brunswick and Prince Edward Island. A large number of mortgages were approved by the company during the past three years and the number of dwelling units and dollars represented by these approvals is as follows:

	Number of units	Dollars
1970	2,237	\$30,093,872
1971	3,075	47,994,127
1972	4,579	81,554,242

As one would expect, the Halifax-Dartmouth Metropolitan area accounted for a large part of this demand. A recent national survey indicated that in the Metro area the vacancy rate for new single-family units at the end of 1972 was nil, and the vacancy rate for multiple housing units was 3.6 per cent compared to 7.3 per cent a year earlier. Mortgage applications for housing have not been limited to the Halifax-Dartmouth area, however, and your company has been very active in most areas of growth in the Maritime Provinces. Your Directors believe the heavy demand for all types of housing will continue through 1973 and beyond, and the company must continue to play its part in meeting this need.

Administration

The impact of almost doubling the assets of the company in two years and tripling the assets in four years created the need for substantial changes in administrative services. The executive and data processing sections of the company have been moved to newly leased quarters on the 11th floor of the Centennial Building. These new quarters and a new and larger computer will assist greatly in providing the type of service that has been basic to our success.

A new Branch was opened in Spryfield during June and will assist in servicing customers in this rapidly expanding area.

Directors

Your Board accepted with deep regret the resignation of Mr. MacCallum S. Grant as a Director of the company, effective February 23, 1973. Mr. Grant had been a Director since 1967 and he rendered excellent service to the company during his six years as a member of the Board. Sincere appreciation and best wishes are conveyed to Mr. Grant on your behalf.

The Directors were pleased to appoint Mr. Austin E. Hayes, of Halifax, as a Director of the company, to fill the vacancy caused by Mr. Grant's retirement. Mr. Hayes is President of Hayes Insurance Ltd., and he has other business associations and wide community interests.

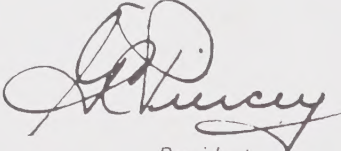
Our Employees and Representatives

We are very much aware of the fine support received from our representatives throughout the year. To them we extend a sincere word of thanks.

We are very proud of our employees and their devotion to company interests. The fact that many have completed additional training and education and that about twenty per cent are currently enrolled in such activities speaks well for the future of your company. The Directors express to all members of our staff, at head office and throughout the branches, their deep appreciation for the excellent achievements of 1972.

The Future

While interest rates have stabilized in recent weeks in Canada, there have been upward trends in rates in other countries. It is hoped that the cost of money in Canada will not reflect any appreciable upturn as this can only result in higher costs to the homeowner. Despite this possibility your Board anticipates another active year in 1973.



President

High School students from Halifax-Dartmouth Metro area, conducted on a tour of Nova Scotia Savings & Loan Head Office and facilities, form a significant vanguard of their generation from which will come the company's customers and staff in future years.





Financial Statements

Auditors' Report to the Shareholders

We have examined the balance sheet of Nova Scotia Savings & Loan Company as of December 31, 1972 and the statements of income, rest account, mortgage reserve and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company at December 31, 1972 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

Halifax, N.S.
January 16, 1973

NOVA SCOTIA SAVINGS & LOAN COMPANY

Income Statement

Year ended December 31, 1972 (with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
INCOME		
Interest from mortgages and other loans	\$11,796,219	\$8,869,543
Investment income	658,579	518,832
Fees and commissions	82,572	75,215
Other operating revenue	11,115	4,425
	<u>12,548,485</u>	<u>9,468,015</u>
EXPENSE		
Interest on deposits and borrowings	8,762,007	6,557,490
Administration	921,642	604,202
Depreciation and amortization	28,899	23,826
	<u>9,712,548</u>	<u>7,185,518</u>
Net income before income taxes	2,835,937	2,282,497
Income taxes — current	835,500	932,500
— deferred	457,500	177,500
	<u>1,293,000</u>	<u>1,110,000</u>
Net income for the year	<u>\$ 1,542,937</u>	<u>\$1,172,497</u>
Earnings per share	<u>\$ 1.82</u>	<u>\$ 1.38</u>

NOTE TO THE FINANCIAL STATEMENTS

In addition to the deferred income taxes recorded on the books of the company in the amount of \$1,006,000, income taxes were reduced in prior years by an aggregate amount of \$554,000 as a result of claiming a mortgage reserve and other deductions for income tax purposes in excess of the amounts charged in the company's accounts. No provision is being made in the company's accounts at this time for this latter amount.

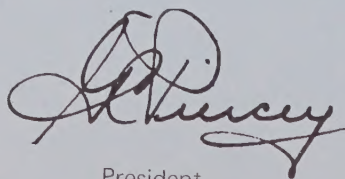
Balance Sheet

December 31, 1972 (With comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
ASSETS		
Cash on deposit	\$ 1,262,681	\$ 1,695,905
Income tax recoverable	131,737	—
Investments, at cost		
Bonds and accrued interest	1,649,916	1,932,645
Chartered banks deposit certificates and accrued interest	7,718,752	4,859,433
Bank and public utility stocks	<u>305,375</u>	<u>302,368</u>
	<u>9,674,043</u>	<u>7,094,446</u>
Quoted market value		
December 31, 1972 — \$10,426,975		
December 31, 1971 — \$ 7,672,000		
 Loans		
Mortgages and agreements of sale	140,750,991	100,726,422
Consumer loans	<u>274,437</u>	<u>222,316</u>
	<u>141,025,428</u>	<u>100,948,738</u>
 Real estate held for sale	2,000	43,200
Equipment and furnishings, at cost, less depreciation	86,590	31,896
Leasehold improvements, at cost, less amortization	99,100	41,989
Other assets	<u>134,512</u>	<u>20,111</u>
Total assets	<u>\$152,416,091</u>	<u>\$109,876,285</u>

(see accompanying note to the financial statements)

The undersigned officials of the Nova Scotia Savings & Loan Company hereby to the best of their knowledge and belief, the statement is correct and shows t


President

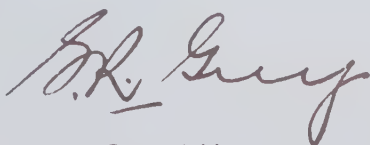
NOVA SCOTIA SAVINGS & LOAN COMPANY

	<u>1972</u>	<u>1971</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits and borrowings		
Savings deposits	\$ 8,102,774	\$ 6,550,973
Deposit receipts and accrued interest	22,420,347	14,638,938
Debentures and accrued interest	<u>113,458,271</u>	<u>81,515,937</u>
	143,981,392	102,705,848
Other liabilities		
Amounts held for insurance and tax payments		
on mortgaged properties	74,008	51,236
Income taxes payable	—	165,995
Dividends payable	194,827	127,061
Provision for pensions	<u>51,000</u>	<u>53,500</u>
	319,835	397,792
Deferred income taxes (see note)	1,006,000	548,500
Shareholders' equity		
Capital stock		
Authorized 2,500,000 shares		
par value \$2.00 each		
Issued and fully paid		
847,075 shares	1,694,150	1,694,150
Rest account	2,700,000	2,700,000
Reserve for mortgages	1,410,000	1,080,000
Retained earnings	<u>1,304,714</u>	<u>749,995</u>
	7,108,864	6,224,145
Total liabilities and shareholders' equity	<u>\$152,416,091</u>	<u>\$109,876,285</u>

fy that they have examined the financial statement of the Company and that,
and clearly the financial condition of the affairs of the Company.



Vice-President



General Manager

NOVA SCOTIA SAVINGS & LOAN COMPANY

Statement of Retained Earnings

Year ended December 31, 1972 (with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
Balance, at beginning of year	\$ 749,995	\$ 507,006
Add: net income for the year	1,542,937	1,172,497
reduction in provision for Pension	2,500	2,500
	<u>1,545,437</u>	<u>1,174,997</u>
	2,295,432	1,682,003
Less: dividends	660,718	432,008
transferred to mortgage reserve	330,000	—
transferred to rest account	—	500,000
	<u>990,718</u>	<u>932,008</u>
Balance, at end of year	<u><u>\$1,304,714</u></u>	<u><u>\$ 749,995</u></u>

Statement of Mortgage Reserve

Year ended December 31, 1972 (with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
Balance, at beginning of year	\$1,080,000	\$1,080,000
Transfer from retained earnings	330,000	—
Balance, at end of year	<u><u>\$1,410,000</u></u>	<u><u>\$1,080,000</u></u>

Statement of Rest Account

Year ended December 31, 1972 (with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
Balance, at beginning of year	\$2,700,000	\$2,200,000
Transfer from retained earnings	—	500,000
Balance, at end of year	<u><u>\$2,700,000</u></u>	<u><u>\$2,700,000</u></u>

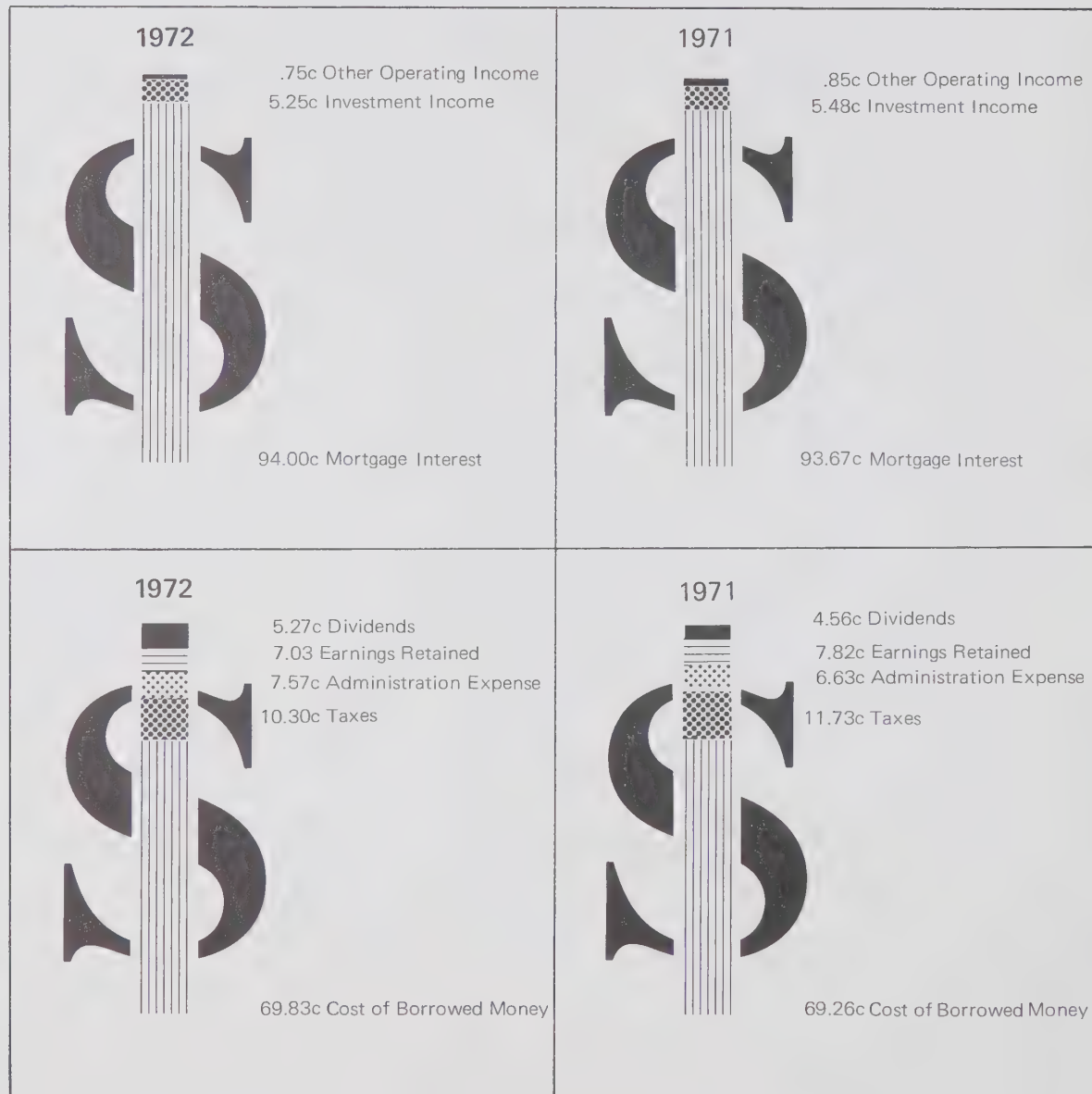
(see accompanying note to the financial statements)

Company President, George C. Piercey and G. Ross Guy, Director and General Manager, check up-to-the-minute information constantly being processed in the sophisticated Computer centre at head office.



The Company's Income Dollar

SOURCES OF INCOME



HOW THE INCOME WAS SPENT



LEGEND

- Company's Offices
- Company's Agencies

NOVA SCOTIA SAVINGS & LOAN COMPANY

Comparative Financial Information for 1963–1972

(ALL AMOUNTS ARE EXPRESSED IN THOUSANDS EXCEPT AS INDICATED *)

REVENUE	1972	1971	1970	1969
Revenue	\$ 12,548	\$ 9,468	\$ 7,171	\$ 5,532
% of Increase	* 32.5%	32.0%	29.6%	29.6%
EXPENSE				
Cost of Borrowed Money	\$ 8,762	\$ 6,557	\$ 5,181	\$ 3,786
Administration Expense	922	604	551	470
Depreciation & Amortization	29	24	21	19
Administration Expense as % of Revenue	* 7.3%	6.4%	7.7%	8.5%
EARNINGS				
Net Profit Before Taxes	\$ 2,836	\$ 2,283	\$ 1,418	\$ 1,257
Income Taxes - Current	835	932	669	588
- Deferred	458	178	38	36
Net Profit Available				
for Distribution	1,543	1,173	711	633
Per Share ²	* 1.82	1.38	.84	.75
Dividends Per Share ²	* .78	.51	.40	.37
SHAREHOLDERS' EQUITY				
Total Shareholders' Equity	\$ 7,109	\$ 6,224	\$ 5,481	\$ 5,107
Net Earnings after Taxes on Shareholders' Equity	* 21.7%	18.8%	13.0%	12.4%
ASSETS				
Mortgages	\$141,025	\$100,949	\$79,393	\$65,563
Investments (at cost)	9,674	7,094	5,843	2,291
Total Assets	152,416	109,876	85,749	68,285
% Total Asset Growth	* 38.7%	28.1%	25.6%	17.7%
SAVINGS & DEBENTURES				
Savings & Deposit Receipts	\$ 30,523	\$ 21,190	\$ 16,228	\$ 8,316
Debentures & Accrued Interest	113,458	81,516	63,428	54,085

¹ Includes Extraordinary Expense of \$38,000.² Earnings Per Share and Dividends Per Share are adjusted to a constant basis of 847,075 shares. This includes 5 for 1 stock split during 1967.

1968	1967	1966	1965	1964	1963
\$ 4,269 20.1%	\$ 3,555 16.6%	\$ 3,050 18.5%	\$ 2,573 30.2%	\$ 1,976 12.6%	\$ 1,755 12.0%
\$ 2,865 389 18 9.1%	\$ 2,362 340 16 9.6%	\$ 2,058 291 10 9.5%	\$ 1,699 248 5 9.6%	\$ 1,225 221 ¹ 5 11.2%	\$ 1,051 162 3 9.2%
\$ 997 335 156 506 .60 .30	\$ 837 258 141 438 .52 .29	\$ 691 196 495 .59 .25	\$ 621 180 441 .52 .20	\$ 525 215 310 .41 .30	\$ 539 225 314 .37 .18
\$ 4,785 10.6%	\$ 4,672 9.4%	\$ 4,344 11.4%	\$ 4,011 11.0%	\$ 3,438 9.0%	\$ 3,416 9.2%
\$55,600 1,851 57,992 18.7%	\$46,783 1,623 48,840 11.3%	\$41,816 1,454 43,888 13.1%	\$36,690 1,454 38,811 25.4%	\$29,408 1,297 30,946 22.7%	\$23,592 1,295 25,211 9.2%
\$ 6,521 45,740	\$ 5,651 38,281	\$ 4,936 34,459	\$ 5,410 29,246	\$ 5,591 21,546	\$ 3,050 18,419

Board of Directors

George C. Piercey, Q.C.
President

Samuel S. Jacobson, B.Com., M.B.A. (Harv.)
Vice-President

A. Russell Harrington, B.E., D.Eng., D.C.L.

Lloyd R. Shaw, B.A., M.A.

MacCallum S. Grant

Hector McInnes, Q.C.

G. Ross Guy, M.C.

Management

G. Ross Guy, M.C.
General Manager

W. Bruce Graham,
Assistant General Manager, Branches & Personnel

R. T. Hammer, R.I.A.
Assistant General Manager, Finance

Miss P. E. Helms
Secretary

R. C. Cluett, R.I.A.
Controller

H. W. Jones
Mortgage Manager

Branch Managers

R. G. Buell
Halifax

N. E. Black
Dartmouth

C. M. G. Blois
Saint John

R. H. Brewer
Spryfield

A. F. Henderson
New Glasgow

Bankers

The Bank of Nova Scotia
The Royal Bank of Canada

Member Canada Deposit Insurance Corporation

Stock Listed on the Toronto Stock Exchange

HEAD OFFICE:

11th Floor, Centennial Building
1645 Granville Street
Halifax, Nova Scotia
Phone: 422-6591

BRANCHES:

Centennial Building
(Granville Street level)
1645 Granville Street
Halifax, Nova Scotia
Phone: 422-6591

50 Portland Street
Dartmouth, Nova Scotia
Phone: 463-4666

18 King Street
Saint John, New Brunswick
Phone: 652-1820

113 Archimedes Street
New Glasgow, Nova Scotia
Phone: 755-2010

337 Herring Cove Road
Spryfield, Halifax, Nova Scotia
Phone: 477-8005